



**PRESS RELEASE
OF THE NATIONAL BANK OF MOLDOVA**

According to the data published by the National Bureau of Statistics (NBS), the consumer prices index (CPI) for the last 12 months constituted 6.7 percent in January 2011, decreasing by 1.4 percentage points versus the previous month. The annual core inflation registered a rate of 3.5 percent, decreasing by 0.9 percentage points compared to the previous month.

NBS data on the CPI are in accordance with the NBM forecast on the evolution of inflation during 2011, published in the Inflation Report no. 1, 2011.

The annual inflation for January 2011 constituted 6.7 percent, decreasing by 1.4 percentage points versus the previous month. The monthly inflation rate constituted 1.1 percent, being determined by the increase in foodstuff prices by 2.5 percent, non-foodstuff by 0.4 percent and tariffs for services rendered to population by 0.3 percent. The evolution of the monthly inflation rate for January 2011 has been influenced by the seasonal factors related to the cold season, as well as by the increase in foodstuff and fuel prices.

The core inflation¹ is placed within the stated objective for 2011, with a growth of 3.5 percent for the last 12 months, decreasing by 0.9 percentage points compared to the previous month. In January 2011, the monthly core inflation rate constituted 0.0 percent, by 0.5 percentage points lower than in December 2010. The development of prices and services included in the calculation of the core inflation during the analyzing month was affected by the second-round effects of price increases in fuel and food, as well as by the development of the exchange rate of the national currency against the major trading partners at the end of the previous year. At the same time, the impact of these factors on core inflation was offset by lower medication prices of 3.0 percent.

The monthly increase in food prices in January 2011 was higher compared with that of December 2010, registering a rate of 2.5 percent. This was mainly caused by higher prices for potatoes (14.7 percent), due to the increase in the prices of the main exporting region as Poland, Ukraine and the Netherlands, the vegetables (8.3 percent), egg prices (7.8 percent), sugar (5.4 percent) and fruits (4.8 percent), being determined by to the seasonal factor and by the existing situation on both the international and local markets.

¹ The core inflation is calculated by the NBS by excluding the prices that are outside the influence area of monetary policy measures promoted by the NBM, such as food and beverages, fuel, products and services with regulated prices.



Fuel prices rise by 3.3 percent in January 2011 compared to December 2010, due to price increases for gas from cylinders by 5.3 percent, earth coal by 3.2 percent and fuel by 2.2 percent. The development of fuel prices is determined by the heating season and by the international oil price increase with a slight overlap with the national currency depreciation against the U.S. dollar at the end of last year.

The annual rate of regulated prices is characterized by a downward track started at the beginning of September 2010, so that in January of this year it constituted 10.3 percent (4.1 percentage points less than in December 2010). Prices for regulated services, showed a modest increase (0.2 percent) in January 2011 compared with December 2010 as a result of increases in tariffs for the “health” component and for the international rail transport by 1.5 percent.

The approval of higher tariffs for natural gas and heating supply at the end of January and beginning of February 2011 will be reflected in statistics on inflation rate during the first quarter of this year, and the side effects of these increases shall be absorbed gradually in the subsequent periods. The last increases in rates are lower than those made at the beginning of 2010, so that they will have a smaller impact on annual inflation. Therefore, there are real preconditions for the continuation of disinflation process in the next month.

National Bank of Moldova will vigilantly monitor the developments in domestic macroeconomic and international economic environment, so that by an appropriate use of monetary policy instruments to achieve the objective stated in the Monetary Policy Strategy on medium term for for fulfilling and maintaining the price and financial stability.